

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:	§	
	§	CASE NO. 21-30725 (DRJ)
BRAZOS ELECTRIC POWER	§	
COOPERATIVE, INC.,	§	Chapter 11
	§	
Debtor. ¹	§	

**DECLARATION OF WILLIAM A. COLLET
IN SUPPORT OF CONFIRMATION OF THE CHAPTER 11 PLAN OF
REORGANIZATION OF BRAZOS ELECTRIC POWER COOPERATIVE, INC.**

I, William A. Collet, pursuant to section 1746 of title 28 of the United States Code, hereby declare that the following is true to the best of my knowledge, information, and belief:

Background and Qualifications

1. I am President and the founding principal of Collet & Associates LLC (“Collet & Associates”), the investment banker to Brazos Electric Power Cooperative, Inc. (“Brazos” or the “Debtor”) in the above-captioned chapter 11 case (the “Chapter 11 Case”).

2. I submit this declaration (the “Declaration”) in support of final approval of the *Disclosure Statement for Chapter 11 Plan of Reorganization of Brazos Electric Power Cooperative, Inc.*, dated September 13, 2022 [Dkt. No. 2262] (as amended, modified or supplemented from time to time in accordance with its terms) (the “Disclosure Statement”), and confirmation of the *Amended Chapter 11 Plan of Reorganization of Brazos Electric Power Cooperative, Inc.*, dated October 27, 2022 [Dkt. No. 2440-1] (as may be amended, modified, or supplemented in accordance with the terms thereof, the “Plan”), including the agreements and

¹ The Debtor in this chapter 11 case, along with the last four digits of its federal tax identification number is: Brazos Electric Power Cooperative, Inc. (4729). Additional information regarding this case may be obtained on the website of the Debtor’s claims and noticing agent at <http://cases.stretto.com/Brazos>. The Debtor’s address is 7616 Bagby Avenue, Waco, Texas 76712.

other documents set forth in the Plan Supplement, dated October 24, 2022 [Dkt. No. 2420] (as may be amended, modified, or supplemented in accordance with the Plan, the “Plan Supplement”), pursuant to sections 1125 and 1129 of the Bankruptcy Code.²

3. I received a bachelor’s degree in business administration from Southern Methodist University and a master’s in business administration, with distinction, from Harvard Business School. I have been a guest lecturer at the Bloch School of Business and Public Administration at the University of Missouri-Kansas City and a guest columnist in several corporate finance and utility publications. Furthermore, I have presented numerous breakout sessions at electric cooperative industry and state-wide conferences.

4. I have over 30 years of diverse investment experience covering a broad range of corporate-finance services. My engagements have included valuation, buy-side and sell-side mergers and acquisitions, public stock offerings, debt and equity financing, and hostile takeover defense. Over my career, I have increasingly focused on the energy and infrastructure arena, with a special focus on valuation, acquisition, and financing transactions for electric cooperatives.

5. Collet & Associates has extensive experience in providing financial advisory, valuation, restructuring, and consulting services to electric cooperatives, including working with over 160 electric cooperatives. Collet & Associates’ transaction experience includes valuation, financings, acquisitions, and divestitures in gas and water utilities, power generation, healthcare, basic manufacturing, and industry consolidations.

6. Collet & Associates has provided advisory services to Cloverland Electric Cooperative, National Rural Utilities Cooperative Finance Corporation, Golden Spread Electric Cooperative, Inc., Kaua‘i Island Utility Cooperative, National Renewables Cooperative

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Plan and Disclosure Statement, as applicable.

Organization, Southern Minnesota Energy Cooperative, Valley Electric Association, Inc., and Mohave Electric Cooperative, Inc., among others. A more detailed description of my qualifications and those of Collet & Associates is set forth on Exhibit A attached hereto.

7. In March 2021, the Debtor engaged Collet & Associates to provide investment banking services, including developing and supporting financial, valuation, and restructuring analyses. Over the course of the engagement, members of my team and I have worked closely with the Debtor's management and other advisors to analyze the Debtor's business affairs, assets and liabilities, financial position, contractual arrangements, and various proposed strategic transactions.

8. Through my role as investment banker to the Debtor, I, along with others on my team, have become familiar with the Debtor's assets, capital structure, liquidity needs, and business operations. I am also familiar with the terms of the Plan and Disclosure Statement.

9. Unless otherwise indicated, the statements set forth in this Declaration are based on (a) my personal knowledge or experiences; (b) information that I have received from the Debtor, other advisors of the Debtor, or my colleagues at Collet & Associates working directly with me or under my supervision, direction, or control; or (c) my review of relevant documents, including the Plan and the Disclosure Statement.

10. I am over the age of 18 and authorized to submit this Declaration in support of the approval of the Disclosure Statement and confirmation of the Plan. I am not being specifically compensated for this testimony other than through payments received by Collet & Associates as a professional retained by the Debtor. My current billing rate for this assignment is \$600 per hour. Neither my nor Collet & Associate's compensation for this matter is in any way contingent upon the outcome of these proceedings.

11. If called upon to testify, I could and would testify competently to the facts set forth herein. I am duly authorized to submit this Declaration.

Valuation Analysis

12. At the request of the Debtor and as described in Exhibit C to the Disclosure Statement (the "Valuation Analysis"), Collet & Associates has estimated a range of total utility plant fair market values (the "Utility Asset FMV") for the Reorganized Debtor on a going concern basis and pro forma for the Restructuring Transactions contemplated by the Plan.

13. In my expert opinion, and as described more fully in the Valuation Analysis, Collet & Associates estimates the Utility Asset FMV of the Reorganized Debtor to be ***approximately \$3.01 billion to \$3.33 billion*** as of an assumed effective date of December 14, 2022. The Utility Asset FMV is the sum of the individual asset class values for fixed assets of the Reorganized Debtor comprised of electric transmission, electric distribution, electric power generation, utility general plant facilities, and general fixed assets including the corporate headquarters using the valuation techniques appropriate to the asset class as determined by Collet & Associates.

Valuation Methodologies & Information Considered

14. Collet & Associates has estimated the Utility Asset FMV of Reorganized Brazos Electric by primarily relying on three generally accepted valuation methodologies: (i) the

Discounted Cash Flow (“DCF”) Analysis, (ii) the Precedent Transaction Analysis, and (iii) the Comparable Public Company Analysis. Collet & Associates weighted its Valuation Analysis more heavily to the Precedent Transaction Analysis and DCF Analysis methodologies, but considered at a lesser weighting, the Comparable Public Company Analysis, as this methodology has less relevance for purposes of assessing the Utility Asset FMV as Reorganized Brazos Electric will not be publicly traded, among other factors. As explained more fully in the Valuation Analysis, the DCF Analysis methodology is a forward-looking valuation methodology that estimates the value of an asset or business by calculating the present value of expected future cash flows to be generated by that asset or business. The Precedent Transaction Analysis methodology estimates value by examining comparable precedent merger and acquisition transactions. The Comparable Public Company Analysis methodology estimates the value of a company or asset base that could be operated as a company relative to other publicly traded companies with similar asset composition, business and financial characteristics.

15. In preparing the Valuation Analysis, Collet & Associates: (a) reviewed certain historical financial information of the Debtor for recent years and interim periods; (b) reviewed certain financial and operating data of the Debtor, including the Projections and anticipated rate recovery mechanism; (c) discussed the Debtor’s operations and future prospects with the Debtor’s senior management team and third-party advisors; (d) reviewed certain publicly available financial data for, and considered the market value of, public companies that Collet & Associates deemed generally relevant in analyzing the value of the Reorganized Debtor; (e) reviewed certain publicly available financial data for transactions involving asset bases or companies similar in certain respects to the Reorganized Debtor; (f) considered certain economic and industry information that Collet & Associates deemed generally relevant to the Reorganized Debtor,

including but not limited to regulatory returns allowed on similarly situated electric utility assets; and (g) conducted such other studies, analyses, inquiries, and investigations as Collet & Associates deemed appropriate. Collet & Associates assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtor's management and other parties as well as publicly available information.

16. I have not authored any publications in the previous ten years, and I have not testified as an expert at trial or by deposition in the previous four years.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: November 10, 2022

/s/ William A. Collet
William A. Collet
President, Collet & Associates LLC

Exhibit A**Collet & Associates Qualifications**

Collet & Associates, LLC (CA) is an investment banking firm that provides financial advisory services primarily within the utility infrastructure industry, including transaction and consulting advisory engagements regarding electric, gas, electric transmission, water, and renewable energy resources.

CA provides financial advisory and transaction management services with respect to both buy and sell-side merger and acquisition transactions. CA has also been active in project analysis and development activities including fundraising for debt and equity (including tax equity) for renewable energy projects including wind, solar, hydropower and biomass technologies.

As an outgrowth of CA's knowledge and experience, CA also provides strategic consulting, expert witness, rate case analysis and support, litigation support, and due diligence services for clients in the utility industry and financial investor-backed asset acquisitions. CA's transaction and consulting services have involved active management and support of regulatory proceedings in almost half of the states' public utility commission jurisdictions and the Federal Energy Regulatory Commission (FERC).

Qualifications for expert network consulting services include:

- State and FERC regulatory proceeding strategy and supporting analysis.
- Expert testimony for regulatory proceedings involving financial valuation, contract terms, financing, property tax assessment, capital market requirements, rate analysis, and tariff development.
- Feasibility analysis and business planning services including financial modeling, financing options, and operational reporting.
- Due diligence review of existing and projected financial information, scenario analysis, critical success and risk factor analysis.

Over the last thirty years, CA and its predecessor company have been directly involved with numerous merger and acquisition transactions representing the buyer or seller of electric and gas service property, electric transmission assets, and water service territory. Financial advisory and fundraising engagements for renewable energy projects date back over a decade and involve development and acquisition of all renewable energy technologies.

CA and its principals have been involved in over 25 acquisition or divestiture processes in the utility infrastructure industry with valuations up to \$3 billion. Over the last thirty years, CA's principals have represented over 175 distinct utility clients including cooperative, investor-owned, municipal and private equity financed legal entities.

Because CA has both long and deep experience in the valuation and negotiation of utility infrastructure transactions, we believe that we are uniquely qualified to provide advisory services related to the utility infrastructure industry. Through our work with utilities and financing sources,

CA has provided analysis on power purchase agreements, tax equity financings, transaction advisory, and contract negotiations.

Some of the relevant transactions include CA and its principals serving as the investment banker to cooperatives acquiring rural electric service territory including Southern Minnesota Energy Cooperative, Vermont Electric Cooperative, Cloverland Electric Cooperative, and serving as the investment banker to the seller of transmission assets including Valley Electric Transmission Association. CA has also been providing advisory services on utility scale renewable resource projects for multiple electric cooperatives including Kaua'i Island Utility Cooperative, National Renewables Cooperative Organization, and Southern Maryland Electric Cooperative.

CA is knowledgeable concerning the techniques of valuation of utility property, and that knowledge is based on our experience over the last approximately thirty years of real world purchase and sale transactions. The CA approach to asset valuation is often the subject of advisory services, and as a result, the valuation methodology is often scrutinized in proceedings before public utility commissions and FERC.

Valuation methods include financial analysis utilizing historical financial information and the development of projections based on that data. The valuation analysis typically develops a range of enterprise values for the net assets of the utility using traditional methods of valuation, including: the income method, the comparable sales method, and the discounted cash flow method.

Representative Transactions & Experience

Collet and Associates' principals have been involved with multiple acquisition and divestiture transactions involving electric systems. These transactions have included transmission and distribution (T&D) systems, in some cases generation assets, and most have included an electric cooperative as a counterparty. Selected transactions include:

- Acquisition of Citizens Electric on island of Kauai by Kauai Island Utility Cooperative (Auction)
- Acquisition of Citizens Electric in Vermont by Vermont Electric Cooperative (Auction)
- Acquisition of Xcel Energy Oklahoma, Kansas, and some Texas territory by Tri-County Electric Cooperative
- Acquisition of St. Michaels Utility System by Choptank Electric Cooperative
- Acquisition of Interstate Power & Light Illinois territory by Jo-Carroll Energy (Auction)
- Acquisition of Interstate Power & Light Illinois territory by Rock County Electric Cooperative (Auction)
- Represented bidder in Aquila sale of Kansas electric distribution territory (Auction)
- Acquisition of Edison Sault Electric from WE Energies by Cloverland Electric Cooperative
- Represented bidder in sale of Granite State Electric Co. (New Hampshire) (Auction)

- Acquisition of Interstate Power & Light Minnesota territory by Southern Minnesota Electric Cooperative
- Acquisition of High Voltage Transmission System of Valley Electric Cooperative by GridLiance (Auction)
- A third of these transactions came about organically through repeated contact with the seller rather than an auction where a seller put the system up for sale in the market.

Most of the utility system transactions have involved some component of the electric plant representing transmission assets, structures, conduit and substation assets.

- Most were considered sub-transmission, (typically operated at 69 kilovolts “kV”), but there were transactions where 138 kV assets were included.
- Evaluation of the distribution systems properties including consumers and distribution electric plant were typically valued separately from the transmission assets.
- In most cases the transmission assets were part of a transmission system serving the retail electric distribution territory.

Our most recent transaction completed in September 2017 involved representing Valley Electric Association (Nevada) in the sale of its wholly owned transmission subsidiary, which was a Participating Transmission Owner (PTO) within the California Independent System Operator (CAISO) grid pursuant to a Federal Energy Regulatory Commission tariff.

- Transaction included approximately 166 miles of 230 kV facilities and nine substations.
- CA conducted an auction approaching over 20 independent transmission system operators and transmission divisions of publicly owned utilities.
- Transaction as reported totaled approximately \$200 million for an asset base of approximately \$83.4 million.
- CA considers this transaction to be a unique situation representing multiple parties’ desire to become a PTO within CAISO and to participate in future development activities.
- The “entry premium” into CAISO was an amount that when divided by the relatively small asset base of \$83.4 million produced an outlier value as a multiple of NUP.
- The outlier multiple was only observed in two offers where other offers were clustered around historical NUP multiples.

William A. Collet

Mr. Collet, the founder of Collet & Associates, has a Bachelor of Science in Business Administration degree with honors from Southern Methodist University, with a concentration in Finance, and a Master in Business Administration degree with distinction from Harvard Business School. He has professional experience in start-ups, venture capital investing, and for the last 30 years, in investment banking. His emphasis on the utility infrastructure industry has increased

over time with his first investment banking engagement on behalf of an electric cooperative dating back to 1989.

As co-founder of Christenberry Collet & Company, Inc. (CCCO) in 1994, Mr. Collet focused on corporate finance activities including financial advisory and transaction advisory services. CCCO's principal specialty was in the area of mergers and acquisitions. While at CCCO, the corporate finance practice completed over \$3.0 billion in transactions, with approximately \$1.5 billion in mergers and acquisitions, and the balance in debt and equity fundraisings, fairness opinions, and general advisory engagements. At CCCO, Mr. Collet was instrumental in developing the energy and infrastructure industry practice area, which he managed. CA was founded in 2009 upon the sale of CCCO to a regional bank to continue this specialized practice and to provide fundraising and other advisory services for renewable generation projects and efficiency and conservation programs.

Mr. Collet has provided testimony and/or financial information, exhibits or answers to information requests before the Regulatory Corporation of Alaska, the Kansas Corporation Commission, the Vermont Public Service Board, the Public Utilities Commission of Hawai'i, the Texas Public Utility Commission, the Illinois Commerce Commission, the Minnesota Public Utilities Commission, the Maryland Public Service Commission, the Corporation Commission of the State of Oklahoma, and the Colorado Public Utilities Commission.

Representative Engagements. Mr. Collet represented KIUC in the purchase of the Kaua'i Electric division of Citizens Communications by the newly formed Kauai Island Electric Utility for \$215 million in 2002, provided rate case testimony to the Hawai'i Public Utility Commission in 2009, provided tax equity financing advisory for one of the largest utility scale solar projects in the US, and has also provided advisory services for several other renewable energy projects and power contract matters for KIUC throughout the years.

Mr. Collet represented Cloverland Electric Cooperative in their acquisition of Edison Sault Electric in 2010, Tri-County Electric Cooperative in their purchase of the purchase of territory in Texas, Oklahoma, and Kansas from Xcel Energy's subsidiary Southwestern Public Service in 2006, and Vermont Electric Cooperative in their purchase of territory in Vermont from Citizens Communications in 2004.